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Report Highlights:

Heat mounts on Pawar on wheat imports, *Rigid import norms may take wheat imports costlier*, *Wheat import norm unlikely to be relaxed*, *No plans to cancel Australian wheat shipment*, *Disputed Aussie wheat diverted elsewhere*, *Food safety bill in parliament this week*, *GOI revised reference prices for imported vegetable oils*, *Activists against Indo-US Agro deal*, *Agriculture in transition, get used to imports*, *Monsanto moves Supreme Court for stay on MRTPC order*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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HEAT MOUNTS ON PAWAR ON WHEAT IMPORTS

The government's decision to import 3.5 million tons of wheat has come under attack in Parliament. The opposition and the supporting Left parties have begun questioning the need to import, arguing that there is no shortage of wheat in the country. The government may find it difficult to explain the reasons for importing wheat from the scam-tainted Australian Wheat Board at a higher price and by relaxing quarantine norms. (Source: Financial Express, 05/13/06)

RIGID IMPORT NORMS MAY MAKE WHEAT IMPORTS COSTLIER

Buying three million tons of wheat from the international market may prove to be an expensive proposition for India due to rigid import norms laid out in the recent tender floated by the State Trading Corporation of India (STC), according to an industry official. Because of the enormous risk involved, India will have to pay a huge premium to import wheat this time, said the official. Despite India's efforts to increase participation in the wheat import tender, rigorous norms will limit the number of bidders, and many trading houses may not participate at all, an Indian representative of a multinational trading house said. (Source: Business Standard, 05/15/06)

WHEAT IMPORT NORM UNLIKELY TO BE RELAXED

The government will not give any further relaxation in the tender floated by the State Trading Corporation to import three million tons of wheat, according to a senior government official. The norms in the second import tender are already much more lenient than the first tender to import 500,000 tons, he added. "We have tried to achieve a balance between what is in the overall interest of the country. Wherever there was a possibility of relaxing plant quarantine norms, the second tender addressed that ... no further relaxations are likely," he said. (Source: Business Standard, 05/14/06)

NO PLANS TO CANCEL AUSTRALIAN WHEAT SHIPMENT

The government has no plans to cancel Australian wheat shipments delayed by disagreements over quality criteria, a top government official said. "I don't anticipate that, we are optimistic of getting all of the wheat," he said. Some 400,000 tons of Australian wheat shipments to India are being held up because of "stringent quality specification" in the contract, AWB Ltd spokesman Christian Sealey said, adding it hoped to resolve the issue soon. About 100,000 tons of a half-million ton tender have already arrived in India. Australian traders said the remaining shipments were being delayed due to a different interpretation of the contract term "zero tolerance" for weed seeds, pesticides, and other material in wheat shipments. (Source: Financial Express, 05/17/06)

DISPUTED AUSSIE WHEAT DIVERTED ELSEWHERE

Australia has diverted two shiploads of wheat originally sold to India, but the contracts are unlikely to be cancelled as talks continue to resolve a dispute over grain quality, said Christian Sealey, AWB Ltd. spokesman. AWB was also negotiating to send two further shiploads of wheat contracted by India to other destinations, he said. He said disagreements between Australia and India over contract specifications were still not resolved and were now seen unlikely to be settled soon. "We think it will be going on for quite a while," he said. Australian traders said the shipments were being held up due to different interpretations in the contract of the term "zero tolerance" for weed seeds, pesticides, and other material in wheat shipments. (Source: Business Standard, 05/18/06)

FOOD SAFETY BILL IN PARLIAMENT THIS WEEK

"The Group of Ministers has cleared the formulation of the proposed Food Safety Bill today," said the Minister of State for Food Processing. The Bill would be introduced in Parliament this week, he added. The Bill seeks to set up a single regulator that will put in place food standards and to regulate the manufacturing, import, processing, distribution, and sale of food products. The proposed Bill not only incorporates the salient provisions of India's Prevention of Food Adulteration Act, but is also based on international food safety norms. (Source: Business Line, 05/17/06)

Post Comment: The draft of the proposed Bill is available at: <http://mofpi.nic.in/foodsfty.pdf>

GOI REVISES REFERENCE PRICES FOR IMPORTED VEGETABLE OILS

On May 16, 2006, the Government of India raised the tariff value (the reference price for tariff calculations) for the palm oil group by a uniform \$6 per ton, and for crude degummed soybean oil by \$22 per ton. The revised tariff values are in the following table:

Edible oil	Tariff Value (\$/Ton) Effective 04/28/06	Tariff Value (\$/Ton) Effective 05/16/06
Crude Palm Oil	427	433
Crude Palmolein	449	455
RBD Palm Oil	442	448
RBD Palmolein	452	458
Other Palm Oil	435	441
Other Palmolein	451	457
Crude Degummed Soybean Oil	518	540

The government notification is available at: <http://www.cbec.gov.in/cae/customs/cs-act/notifications/notfns-2k6/csnt51-2k6.htm>

ACTIVISTS AGAINST INDO-US AGRO DEAL

Agricultural scientists and farmers' rights activists have criticized the Knowledge Initiative in Agriculture (AKI) for lack of transparency, consultation, and credibility. They have demanded that the research establishment be kept in the loop of crucial issues pertaining to intellectual property rights, ownership of genetic resources, and primacy of Indian laws in the deal. "It is unfortunate that there has been no consultation with stakeholders. Ours must be a pro-small farmer agriculture policy. We do not understand why the Indian Council of Agricultural

Research has been reticent in holding wider consultation on what should be the guiding principle for international research," Dr. M.S. Swaminathan, an eminent agriculture scientist was quoted saying. [Dr. Swaminathan is an honorary advisor to the AKI]. "Through the Agriculture Knowledge Initiative, the Americans have asked for unhindered access to the rich biodiversity in India's gene banks," Ms. Suman Sahai of the Gene Campaign said. (Source: Pioneer, 05/18/06)

Post Comment: Facts about the KIA are available in the FAS/USDA website (see http://www.fas.usda.gov/icd/india_knowl_init/india_knowl_init.asp and the Indian government Department of Agricultural Research and Education website (see <http://dare.nic.in/usa.htm>)

AGRICULTURE IN TRANSITION, GET USED TO IMPORTS

When under attack by several members of the Parliament on wheat imports, Agriculture Minister Pawar made it clear that imports are going to be a way of life. He said Indian agriculture is in a transition phase and reforms would take time to bear results. He said time had come to have credible export and import policies for agriculture, especially in the changed international environment. (Source: Indian Express, 05/19/06)

MONSANTO MOVES SUPREME COURT FOR STAY ON MRTPC ORDER

Monsanto has asked the Supreme Court of India to review the order of the Monopoly and Restrictive Trade Practices Commission (MRTPC) that directs the company to fix a reasonable price for the sale of Bt cotton seeds to farmers (see IN6041). The MRTPC earlier upheld the petition of Andhra Pradesh government alleging that Monsanto was indulging in restrictive and monopolistic trade practices by charging an exorbitant trait fee. MRTPC further issued directives to the company to lower the trait fee and fix the price within a month. (Source: Indian Express, 05/17/06)

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